



LOCAL GOVERNMENTS AND RURAL WATER SYSTEMS IMPROVEMENTS BOARD

MEMORANDUM

To: Mayors, Presidents of Boards of Supervisors, County Administrators, Presidents of Rural Water Associations, Consulting Engineers, and Other Interested Parties

From: James H. Craig, III, Chairman
Local Governments and Rural Water Systems Improvements Board

Subject: Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) Program's
New Priority Ranking Provision for FY-2011 and Future Intended Use Plans

Date: June 7, 2010

The purpose of this memo is to inform you of a new priority system ranking provision for the DWSIRLF Loan Program. The Local Governments and Rural Water Systems Improvements Board (Board), at its April 23rd meeting, voted to revise the Drinking Water Systems Improvements Revolving Loan Fund (DWSIRLF) priority system to add a new project ranking category for segmented projects. The Board established a public comment period on proposed revisions to the Priority Ranking System for the DWSIRLF Program through 9:00 a.m. on May 28, 2010. Written comments were received until that time, at the address noted below.

The Board held a public hearing at 9:00 a.m., Friday, May 28, 2010, in Room U-232, in the offices of the Mississippi State Department of Health (MSDH), located at 2423 North State Street (Underwood Building) in Jackson, Mississippi, to receive written or verbal comments on the proposed revisions. There were no comments, either written or verbal, made by the public at the hearing.

As previously stated, the new provisions will effect how projects seeking funding in FY-2011 and after will be ranked within the priority system for available funds. The ranking system now includes a new category specifically for segmented projects.

The revised ranking system is being mailed to those prospective loan recipients who have projects listed on the FY-2011 and After Planning List that have submitted ranking forms, and or facilities plans, and to their consulting engineers. If you did not receive a copy of this document but would like one, you can download a copy from the MSDH website at www.healthys.com/dwsrf, or contact Jennifer King at (601) 576-7518, and a copy will be mailed to you.

If you have any questions, or if we can be of assistance, please contact William F. (Bill) Moody by phone at (601)576-7518 or electronically at william.moody@msdh.state.ms.us.

JHC:wfm

Proposed DWSIRLF Program Loan Requirements

The following are proposed DWSIRLF Program requirements which will affect the ranking of projects for funding as determined by the Local Governments and Rural Water Systems Improvements Board (Board). These proposed requirements outline which projects will be funded and how they will be ranked within the priority system. A new category for projects that are considered segmented in nature and are necessary for an entire project to be functional. The new priority category will be integrated into the existing priority system. It will be placed at the top of the priority system to prevent a situation where if the next segment were to not be constructed, previously funded segments would be inoperable. The following information will be integrated into future Intended Use Plans starting with Fiscal Year 2011:

II. Priority System

The Safe Drinking Water Act (SDWA) provides the state with the flexibility to determine how to best utilize the capitalization grant. With this in mind, Mississippi has particular issues facing its public water systems which are unique to the state; however, the SDWA requirements give priority to those projects which:

- address the most serious risk(s) to human health,
- are necessary to ensure compliance with the SDWA requirements,
- assist systems most in need, on a per household basis.

A. Funding and Ranking Rationale

Projects will be placed on the fundable portion of the Priority List according to both priority ranking and readiness to proceed. The term “ready to proceed” means that all loan application requirements established in the program regulations are met, and all documents necessary for loan award are approved. If a project cannot reasonably be expected to meet the Priority System deadlines, then the project will not be placed on the current year’s priority list, but rather will be placed on the planning list. It is the Board’s judgment as to whether the project can be ready to proceed. Loans will be awarded (within the available funds) in the following order: projects above the funding line (the current year’s priority list) that have met all Priority System deadlines will be funded when they are ready to proceed. Additionally, when potential loan recipients are deciding on the needs for their public water supplies, they should ensure that all public health and state safe drinking water laws are followed. If a new state regulation becomes a new requirement of Mississippi’s public water supplies, appropriate planning and design of the project(s) will be necessary in order to receive funding. It is understood that if a proposed project is specifically designed to meet a specific need(s) unrelated

to a new requirement, the Board may waive the new requirement. This waiver would be in concurrence with Bureau of Public Water Supply.

B. Priority System Categories

Project categories are defined below. Projects in Category I will be funded each year to the extent the Board makes funds available. Projects in Categories II through XI are ranked in priority order; that is, all Category II projects are ranked higher than Category III projects, etc. Ranking is established in like manner through all remaining categories. Adjustments will be made as necessary to comply with small community set-aside provisions of the Federal SDWA and as established by the Board [Section 1542(a)(2) of SDWA]. As stated previously, the order of Categories II - XI is intended to give highest priority to those projects that address the most serious risks to human health. Projects within each category will be ranked as described in Section C.

The first category of projects on the Priority List will be the Segmented Projects.

a. Category I – Segmented Projects

This category of projects includes any remaining segments of projects that previously received funding for an integral portion of that project, and are necessary for the entire project to be functional. Projects will be funded under this category in order of their regular priority ranking provided they meet the deadlines established in Section D.

In order to maintain continuity, the Board intends to make some amount of funds available for each ongoing-segmented project. Preference in the amount of funds to be provided will be given to the projects that received the earliest loan award for their initial segment.

b. Category II - Previous Year Certified Projects

Priority for this category will be given to the previous year Category II projects to the maximum extent practicable. This category of projects includes projects that: (1) were listed immediately below the funding line on the previous year's Priority List within an amount of approximately 25% of that year's total available funds; (2) met all Priority System deadlines in the previous fiscal year; and (3) were not funded due to lack of DWSIRLF funds or did not receive an assurance of CDBG, ARC, RUS, or other match funding in the previous fiscal year. Within this category, projects will be ranked according to the current Priority Ranking Criteria.

c. Category III - Primary Drinking Water Standards

This category includes projects to facilitate compliance with Primary Drinking Water Standards. To qualify for this category, projects must correct deficiencies resulting in non-compliance with the primary drinking

water standards. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project.

d. Category IV - One Well

This category includes projects to provide additional water supply to systems that have neither a backup well nor an MSDH-approved emergency tie-in to another system to ensure safe drinking water; thereby protecting the health of the existing population. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project.

e. Category V - Pressure Deficiencies

This category includes projects to correct documented deficiencies that result in existing systems routinely failing to maintain minimum acceptable dynamic pressure. Experience has shown that failure of water systems to maintain minimum acceptable dynamic pressure is the major cause of system contamination in Mississippi. System contamination that results from inadequate water system pressure is considered by the MSDH to be one of the most serious drinking water-related threats to public health in Mississippi.

f. Category VI – Source Water Protection Projects

This category includes projects to manage potential sources of contaminants/pollutants and/or prevent contaminants/pollutants from reaching sources of drinking water. To be eligible for loan participation potential contaminants/pollutants and source water protection areas must have been identified in the public water systems Source Water Assessment Plan Report (SWAPR) prepared by the Mississippi Department of Environmental Quality's Groundwater Planning Branch (GPB). If the public water system has not received its SWAPR from the GPB yet, or has documentation that may change its SWAP, it shall provide in the facilities plan suitable documentation of potential sources of contaminants/pollutants that is acceptable to the GPB before the project will be deemed eligible.

The projects will be ranked: first in order of the highest source water classification that would be negatively impacted by source water contaminants; secondly, within each classification in order of the public water systems susceptibility assessment ranking as determined by the GPB; and thirdly, within each susceptibility assessment ranking in order of the highest number of connections served by the public water system. Source water classifications will be ranked in the following order: surface water sources; shallow (generally $\leq 300'$ in depth) unconfined water wells; shallow (generally $\leq 300'$ in depth) confined water wells; and deep confined water wells.

g. Category VII - System Capacity Expansion To Serve Existing Unserved Residences/Businesses

This category includes projects to either expand existing system capacity or construct a new drinking water system to ensure safe drinking water (source, treatment and/or distribution) to serve existing residences/businesses in currently unserved areas.

h. Category VIII - Back-up Water Supply Sources Projects

This category includes projects to provide additional supply to systems with insufficient back-up water supply sources to ensure safe drinking water, and thereby protect the health of the existing population. As a minimum, a system using ground water should be able to lose any one of the wells supplying the system and still maintain minimum acceptable dynamic pressure throughout the entire system.

i. Category IX - Existing Facilities Upgrades (Meeting Primary Standards)

This category includes projects to rehabilitate, replace, protect or upgrade deteriorated, worn, aged or obsolete equipment, facilities, etc., to assure continued, dependable operation of water systems where such systems are already meeting Primary Drinking Water Standards. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project.

j. Category X – Fluoride Addition

This category is for projects that either rehabilitate existing fluoride treatment facilities at well or treatment plant sites, or add new facilities to existing well or treatment plants.

k. Category XI - Secondary Drinking Water Standards Projects

This category includes projects to provide treatment that brings systems into compliance with Secondary Drinking Water Regulations. Depending on the nature of the project, additional treatment requirements may be necessary as part of the proposed project.

l. Category XII - Consolidation Projects

This category includes projects to consolidate separate systems into a single system for purposes other than those related to Categories II through IX. Consolidation will also be considered in establishing priority ranking within all categories, as described in the Priority Ranking Criteria in Section C.

m. Category XIII – Other

This category includes projects that do not meet the criteria of any other listed category, and have been determined loan eligible in accordance with the DWSIRLF loan program regulations.

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